

Message Text

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PAGE 01 CAIRO 09996 041557Z
ACTION NEA-10

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R 041550Z APR 78
FM AMEMBASSY CAIRO
TO SECSTATE WASHDC 7554
INFO AMCONSUL ALEXANDRIA
AMEMBASSY ROME

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E.O. 11652: N/A
TAGS: EPAP EG
SUBJECT: BAN ON LUMBER IMPORTS SUSPENDED

REF: (A) ALEXANDRIA 0162, (B) ALEXANDRIA A-009, 3/17/78

1. AS REPORTED REF A, MINTRADE IMPOSED PARTIAL BAN ON LUMBER USED IN BUILDING TRADE FEBRUARY 1, 1978. BASED ON INFORMATION FROM OUR MINTRADE SOURCES, BAN ON LUMBER IMPORTS IMPOSED BECAUSE PUBLIC SECTOR IMPORT COMPANY POSSESSED ENOUGH STOCK IN BUILDING LUMBER TO SERVICE MARKET FOR AT LEAST TWELVE MONTHS (IN SOME SPECIAL CATEGORIES STOCKS WOULD LAST EVEN LONGER).

2. GOE IMPORTER, SOCIETE COMMERCIAL DES BOIS (FABAS), AS MENTIONED REFAIR, HAD VIRTUAL MONOPOLY ON WOOD IMPORTS UNTIL 1977. IN 1977 MINISTRY OF TRADE DECREASED FABAS SHARE OF MARKET TO ABOUT 80 PERCENT AND ALLOWED PRIVATE SECTOR IMPORTERS INTO THE TRADE. ACCORDING TO OUR CONTACTS, THIS WAS DONE CONSCIOUSLY BECAUSE OF POOR PERFORMANCE AND JUDGMENT BY FABAS MANAGEMENT. PRIVATE SECTOR IMPORTERS IMMEDIATELY TOOK UP CHALLENGE AND MANY PUBLIC SECTOR CONSTRUCTION COMPANIES BEGAN DEALING WITH THEM BECAUSE PRICES WERE LOWER THAN THOSE OF FABAS, AT
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LEAST SOME OF WHOSE STOCKS APPARENTLY BOUGHT AT TIME WHEN PRICE OF LUMBER WAS HIGHER AND WHOSE OVERHEAD COSTS MUCH GREATER.

3. PRIVATE SECTOR IMPORTERS WHO WERE NEW TO MARKET IN 1977 PROTESTED BAN LOUDLY. MINTRADE TEWFIQ BOWED TO PRESSURE AND LIFTED BAN JUST ONE MONTH LATER ON

MARCH 3, 1978. AT SAME TIME HE SET UP COMMITTEE COMPOSED OF MINTRADE PERSONNEL AND CHAMBER OF COMMERCE REPS TO TRY TO RESOLVE MATTER. WE HAVE LEARNED THAT COMMITTEE HAS MET AND DECIDED THAT PRIVATE SECTOR IMPORTS SHOULD CONTINUE BUT SHOULD BE LIMITED TO THOSE IMPORTERS WHO WERE ISSUED IMPORT LICENSES FOR 1977. IMPORT VALUES FOR 1978 MAY RISE ONLY 30 PERCENT OVER 1977 LEVEL FOR THESE IMPORTERS. WITH BAN OFFICIALLY ENDED, FABAS SHOULD ALSO BE ABLE TO RESUME IMPORTS, ALTHOUGH ITS SPECIFIC PLANS ARE NOT KNOWN.

4. SUGGEST EMBASSY ROME MAY WANT TO PASS THIS ALONG WILLIAM MUELLER, MANAGING DIRECTOR WEYERHAEUSER ROME WHO RECENTLY VISITED ALEXANDRIA SEEKING INFORMATION ON LUMBER IMPORTS. EILTS

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